

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

Defense
DDI # 701-77

Executive Registry

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1 MAR 1977

MEMORANDUM FOR: The Honorable Harold Brown
The Secretary of Defense

SUBJECT : NATO/Warsaw Pact Defense Spending

1. Thank you for your thoughtful letter of 15 February. We are pleased that you see our comparative analysis of US and USSR defense activities as being important. This analysis is the result of a high priority effort which has been underway for more than a decade involving a substantial amount of both collection and analytical resources.

2. Further, I hasten to accept your assessment that similar comparative costing of NATO and Warsaw Pact military activities is of particular interest and importance today. I believe that we can meet your deadline of mid-April with rough comparisons of the dollar costs of total defense activities of the non-US NATO and non-Soviet Warsaw Pact (NSWP) nations. The estimates for the NSWP countries would have to be based on their announced defense budget figures, however, and thus would be subject to a much wider range of uncertainty than our estimates for the USSR. The estimates for NATO would also have to be based on budgetary data but would have a smaller range of uncertainty than those for the NSWP countries. We could also do a direct costing of pay and allowance costs based on available estimates of military manpower within the required time frame.

3. To develop more confident estimates of the costs of total defense activities and useful comparisons of military investment and non-personnel operating costs will require a sizable research effort. Unfortunately the physical data bases on deployed forces, weapons production,

operating practices, and military research and development necessary for such a study do not now exist in the required detail. Though it will mean reprogramming resources, if it is considered necessary we are willing to undertake the effort to collect the data which is needed. Even so, the task will take some time as well as effort both now and in the future if interest in this topic continues. We could probably develop an initial, preliminary comparison by late fall.

4. I should caution you that devoting extensive resources to this task will have to be at the expense of ongoing work on US/USSR comparative analysis and other priority tasks, since the work will fall on the units now engaged in those activities. In addition we would need your assistance in developing the NATO data base. This would entail your making personnel with knowledge of NATO forces and budgets available to work with us in the preparation of the initial estimate.

5. In view of the complexity of the task and the amount of resources involved, I propose that your specialists and mine get together to work out the details of where we go from here. If this meets with your approval please have your point of contact notify Mr. [redacted] Chairman of the CIA/DIA Military Costing Review Board, on [redacted] and we will begin the work.

/s/ E. H. Knoche

E. H. Knoche
Acting Director

Copies furnished:

Secretary of State
Assistant to the President
for National Security Affairs
Chairman, Joint Chiefs of Staff

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CONCUR:

[Redacted Signature]

Deputy Director for Intelligence

28 FEB 1977

Date

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D/OSR [Redacted] (28 February 1977)